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# NOMINEE FOR C.I.A. SAYS AGENCY ERRED ON IRAN ARMS DEAL

By **STEPHEN ENGELBERG**

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WASHINGTON, Feb. 17 — Robert M. Gates told a Senate committee today that the Central Intelligence Agency had actively avoided gathering information about how the Nicaraguan rebels were raising money.

Under tough questioning at a hearing on his confirmation as Director of Central Intelligence, Mr. Gates said the C.I.A. ordered its operatives last year not to have any contact with Americans helping the contras.

In his testimony before the Senate Select Committee on Intelligence about the Administration's clandestine dealings with Iran, Mr. Gates acknowledged that the agency had made significant errors. He said his largest regret was that the C.I.A. had not fought to reverse the decision that kept the covert program secret from Congress for nearly a year.

## Declassified Transcript

The Senate committee today released a declassified transcript of Mr. Gates's testimony before a closed session of the committee last December that contained several new disclosures. For example, the transcript said the C.I.A. took part in the Iran operation for nine months before it asked for a copy of the Presidential intelligence order, or finding, that authorized it.

Discussing the financing of the contras, Mr. Gates, who was then the No. 2 official at the C.I.A. said he believed at the time that a private, covert network had links to Lieut. Col. Oliver L. North, the dismissed National Security Council aide.

## More Testimony Today

The committee will not vote on the nomination for two weeks. Several members said they expected Mr. Gates to be confirmed, but said he had irritated some members today with his initial insistence, later retracted, that he was not under any obligation to tell the committee about improper intelligence

activities undertaken by the N.S.C.

The confirmation hearings were originally scheduled for one day, but the panel said it would recall Mr. Gates for more testimony Wednesday.

Asked today why the C.I.A. had not know of some efforts to help the contras, Mr. Gates said the agency had "tried to build in a buffer" about those activities. In the closed hearing, he gave his fullest explanation of how the agency interpreted the prohibitions on aiding the contras in 1986 and against collecting intelligence on Americans.

He said: "Agency people, and I would say here from the Director on down, actively shunned information. We didn't want to know how the contras were being funded, in part, because we were concerned it would get us involved in crossing the line imposed by the law."

"And so we actively discouraged people from telling us things. We did not pursue lines of questioning. We knew — you know, we are not dumb. We knew the contras were getting a lot of money."

## 'Crossfire' Acknowledged

At the end of the hearing today, Mr. Gates pledged that he would inform the committee of improper actions by any Federal agency involved in intelligence. Senator William S. Cohen, the Maine Republican who is vice chairman of the committee, acknowledged that Mr. Gates had become caught in a "crossfire" from a committee irate over not being told, as required by law, about the Iran dealings for 10 months.

Mr. Gates said he would not accept a delay of more than several days in notifying Congress and said he would "contemplate resignation" if the President insisted on a longer delay.

Much of the pointed questioning today by Democrats and Republicans on the committee focused on the events of October and November of 1986, when a senior C.I.A. analyst told Mr. Gates of his suspicions that money from the Iran arms sales was being diverted to the contras.

Six days later, Mr. Gates took the matter to William J. Casey, the Director of Central Intelligence, and the two officials subsequently alerted Vice Adm. John M. Poindexter, the former National Security Adviser. Neither he nor Mr. Casey told Congress about the possible wrongdoing, and the issue was not mentioned in Mr. Casey's Nov. 21 testimony before the committee.

## Called Evidence 'Flimsy'

Mr. Gates said he had not told the Senate panel because the evidence presented to him by the analyst, Charles

Allen, was "flimsy." He termed Mr. Allen's concerns about the diversion "speculation," although he later said they amounted to an "analytical judgment."

Mr. Allen, he said, noted that the agency had picked up intelligence about the Iranians being overcharged and that many of the Americans involved in the Iran operation were also helping the contras. "There was no connective tissue" between these facts, Mr. Gates said.

## On Detailed Briefing

After repeated questioning about his failure to notify Congress or the Attorney General, he said: "I didn't sit on it. I didn't tell Allen to go away, come back when you've got something complete. I took it to the next level. At each stage, my instinct was not to sit on it."

As for the Iran operation, Mr. Gates said he and Mr. Casey had an "informal" division of labor and he did not deal with the Iran program.

The explanations were sharply criticized by committee members. On the Iran issue, for instance, Senator Bill Bradley, Democrat of New Jersey, took Mr. Gates to task for failing to get a more detailed briefing after he became Deputy Director in April 1985.

Mr. Bradley, speaking of the Iran program, said: "You didn't seek to inform yourself. You didn't seek to be briefed. You chose not to know."

Senator Sam Nunn, Democrat of Georgia, pressed Mr. Gates about whether he would notify Congress of improper intelligence activities by the N.S.C. Mr. Gates had insisted that the N.S.C. could not be considered an intelligence entity under the laws requiring a Director of Central Intelligence to report improprieties to Congress.

Senator Nunn appeared startled, saying: "That's the biggest loophole I've ever seen. The obvious thing to do is shift everything questionable over to the N.S.C. and let 'er roll."

## A 'Diplomatic Activity'

Mr. Gates then sought to characterize the Iran dealings as primarily a "diplomatic activity."

Noting that the program involved shipments of anti-tank missiles, Senator Nunn said: "If that's a diplomatic activity, the State Department ought to get a new kind of uniform."

Mr. Cohen summed up Mr. Gates's predicament at rising to Deputy Director of the C.I.A. months after the Iran initiative was under way. Mr. Gates, he said, was an ambitious, highly successful official who was unwilling to throw his career away to correct inadequacies in a program that was well under way when he took the post.

Also today, a source familiar with the committee's investigation said that Robert C. McFarlane, the former National Security Adviser, told the panel on Dec. 18 about the electronic mail system by which N.S.C. staff members communicated and about a backup computer file of that electronic mail.

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#### **Files to Become Available**

The source recalled that Mr. McFarlane had explained to the committee that backup files for all of 1986 would be available and that the system also contained an electronic record that went back even further.

There was no mention of such a system in the preliminary report the committee made public last month, and it is not clear whether investigators pursued Mr. McFarlane's information.

One committee member who said he attended 95 percent of Mr. McFarlane's testimony, said, "I'm not saying it didn't happen, but I don't recall it."

The first investigative body to make use of the electronic archive was the special White House panel headed by

former Senator John G. Tower.

Mr. McFarlane, who is recuperating in Bethesda Naval Hospital from what police are treating as a suicide attempt last week, will be questioned by the Tower panel in the near future, according to his lawyer, Leonard Garment. Mr. McFarlane was rushed to the hospital last Monday, just prior to his scheduled appearance with the panel, after swallowing what police said were 20 to 30 tablets of the tranquilizer Valium.